

Ap.
7/28/88
ARB

STATE OF MICHIGAN
DEPARTMENT OF LABOR EMPLOYMENT RELATIONS COMMISSION
ACT 312 ARBITRATION

STATE OF MICHIGAN
DEPARTMENT OF LABOR EMPLOYMENT RELATIONS
BUREAU OF EMPLOYMENT RELATIONS
DETROIT OFFICE

IN THE MATTER OF,

Sault Ste. Marie, Michigan

and

MERC File No. G88 3-244

Michigan Fraternal Order of Police.

Poindexter 7-28-88 /

OPINION AND AWARD

The Hearing was held at the City Hall Building, Sault Ste. Marie, Michigan, on Friday, June 10, 1988. The Hearing commenced at approximately 10 a.m. and ended at approximately 11:10 a.m. The official record of the Hearing was recorded by Janet Lombard, CSF 3361. No witnesses were presented. All evidence was presented in documentation form through exhibits by the Union and the City. An Executive Session was held by conference call on July 5, 1988 at approximately 9 a.m. No briefs were filed in the matter.

Arbitrator: David L. Poindexter, was selected as chairman of the arbitration panel by the parties through the MERC Act 312 procedures.

Employer
Delegate - Philip S. Valenti
Consultant to City of
Sault Ste. Marie
325 Court Street
Sault Ste. Marie, MI
49783

Union
Delegate - Richard R. Weiler
Director of Labor
Service
Michigan Fraternal
Order of Police
6735 Telegraph Rd.
Suite 395
Birmingham, MI
48010

Present at the Hearing

Steve Cannello, Assistant City Attorney;
Peter Bush, Lieutenant, Member of MFOP;
James Johnson, Lieutenant, Member of MFOP;
Paul Konopa, Field Representative for MFOP.

Sault Ste. Marie City

FINAL OFFERS

The Chairman of the Arbitration Panel received the final offer of the City of Sault Ste. Marie on June 18, 1988 which is attached hereto as Exhibit "A". The Chairman of the Arbitration Panel received the Michigan Fraternal Order of Police final offer on June 20, 1988 which is attached hereto as Exhibit "B".

STIPULATIONS

At the Hearing, the Parties stipulated that the issues to be decided by this Panel were wages for the years from June 30, 1987 through June 30, 1988, June 30, 1988 through June 30, 1989, and June 30, 1989 through June 30, 1990. The second issue was hospitalization for retirees and the third issue was the length of the contract.

ISSUE: LENGTH OF CONTRACT

At the request of the Parties and in concurrence with the Panel Members, the issue of the length of the contract was decided at the Hearing. The purpose for deciding the issue of length of the contract at the Hearing was to allow the Parties to better prepare their final offer and any further briefings that were to be done. At the Hearing, the Arbitration Panel took a brief recess to compare the comparables and past history of the City and this unit in regard to prior contract length. After a review of the comparables submitted by documentation of both the City and the Fraternal Order of Police, the Chairman of the Arbitration Panel and the Management Representative combined to make a majority to the effect that the agreement would be three

years. The comparables used were as follows: Escanaba, Gladstone, Houghton, Iron Wood, Marquette, each with three year contract durations and Iron Mountain with a two year contract duration. The other comparables that were used were the City's agreements with the other units within its city structure as follows: the police officers unit represented by the Fraternal Order of Police, a three year agreement; the Fire Department Personnel represented by United States Steelworkers, a three year agreement; the Fire Captains Unit represented by United Steelworkers of America, a three year agreement; the Public Works Center Employees represented by United Steelworkers of America, a three year agreement; and the City's Clerical Staff represented by the United Steelworkers of America, a three year agreement. It is the Panel's majority opinion that the demand for a two year contract by the Union is unreasonable when compared with other comparable communities and the community of Unions within the City of Sault Ste. Marie.

Therefore, with regard to the issue of contract duration the contract shall be for a three year period as stated on the record at the Hearing on June 10, 1988.

ISSUE: WAGES

After reviewing the comparables of the Cities of Marquette, Houghton, Menominee, Escanaba, Iron Mountain, and Manistique, it is the opinion of a majority of this Arbitration Panel that the City's final offer on wages shall be incorporated into the collective bargaining agreement. A review of Union Exhibit No. 1

(see pages 3, 4, 5, and 6) and a review of the brief and contracts submitted with the brief of the City, page 3 and 4, show that the wages of the Lieutenants of the Sault Ste. Marie are well within the bounds of the wages for comparable cities. The wage proposal established by the City's final offer would keep the relative position of the Sault Ste. Marie Lieutenants in these comparables. The city has offered in its final offer a 1 percent wage increase the first year, 3 percent the second year, and 2.5 percent the third year. Such an increase would keep the Lieutenants in the same or relatively better position. It would also keep the Lieutenants in their relative position within the City of Sault Ste. Marie with relationship to the other employees. Specifically, the police officers unit received a 3.5 percent for 1987, 3 percent for 1988, and 3 percent for 1989. The Public Works Department Employees received a 3.5 percent raise for each of the years 1986, 1987, 1988, and the Clerical Unit received a 3.5 percent raise for the years 1986, 1987, and 1988. The offer made by the management with regard to wages is the better offer and therefore shall be incorporated into the contract.

ISSUE: HOSPITALIZATION FOR EMPLOYEES

In its final offer the City has offered to put into the contract a letter of understanding that would state:

"If the City grants health insurance to future retirees in any of its other represented employee Units, then the City will amend the Lieutenants Collective Bargaining Agreement to provide a like benefit for Lieutenants who retire after such amendment and during the life of the Collective Bargaining Agreement."

In its final offer the Fraternal Order of Police requested, "Retiree Hospitalization: Effective upon retirement, the employer will provide the employee and dependents with the same Blue Cross, Blue Shield hospital, medical, and surgical insurance as provided to active members under Section 8.2. The employee will pay two percent (2%) of the cost of said premiums".

Again after reviewing the comparable on hospitalization, it is the opinion of a majority of the Panel that the City's position shall be adopted by the Parties. A review of Union Exhibit 1D, pages 2 & 3, indicated that the cities of Houghton, Iron Wood, Ishpeming, Kingsford, and Menominee do not offer health insurance for retirees. The cities of Escanaba, Iron Mountain, Marquette, and Negaunee do offer health insurance at various levels and times. Therefore, the comparables with the other cities would suggest that the City of Sault Ste. Marie's final offer is within the bounds of comparable cities. Also, it is important to note that the City of Sault Ste. Marie does not offer paid hospitalization for retirees to any of its city's employees, either organized or not organized, as shown by City Exhibits 2, 3, 4, and 5 and page 4 of the City's Brief. The Union argues that an important comparable is the County Sheriff's Officers who do receive paid hospitalization, however, as the City noted in the Executive Session, the Sheriff's Department Employees received substantially less in salary. Considering the overall compensation package as required by MCLA 423.239 (F), it

is the opinion of the majority of this Panel that the City's position shall be adopted.

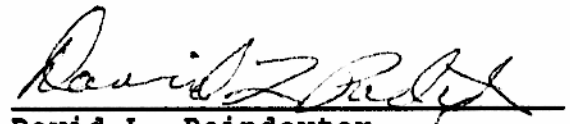
CONCLUSION

After reviewing MCLA 423.239 A-H, it is the conclusion of the majority of this Panel that based upon the interest and welfare of the public, the comparison of wages, hours, conditions of employment with other employees performing similar services in comparable communities, the overall compensation presently received by the employees, and other factors as outlined by MCLA 423.239, there is a basis for finding that the city's last offer of a three year contract; wage increase of 5 percent for the first year, 3 percent for the second year, and 2.5 percent for the third year and a letter of understanding with regard to health insurance as follows:

"If the City grants health insurance to future retirees in any of its other represented employee Units, then the City will amend the Lieutenants Collective Bargaining Agreement to provide a like benefit for Lieutenants who retire after such amendment and during the life of the Collective Bargaining Agreement".

shall be adopted by the Parties in their contract pursuant to the decision of this majority and the Michigan Compulsory Arbitration of Labor Disputes of Police and Fire Departments, MCLA 423.239.

Dated 7/28/88


David L. Poindexter
Chairman

Sault Ste. Marie and MFOP
Act 312 Arbitration
MERC File No. G88 3-244

Dated 7/21/88


Philip S. Valenti
City Delegate

I, Richard R. Weiler, FOP Delegate dissent from the Opinion
of the majority.

Dated 7-26-88


Richard R. Weiler
FOP Delegate